



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

(Transmittal Nos. 14-11)

36(b)(1) Arms Sales Notification

AGENCY: Department of Defense, Defense Security Cooperation Agency.

ACTION: Notice.

SUMMARY: The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification. This is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996.

FOR FURTHER INFORMATION CONTACT: Ms. B. English, DSCA/DBO/CFM, (703) 601-3740.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittals 14-11 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: August 19, 2014.

Aaron Siegel,
Alternate OSD Federal Register Liaison Officer,
Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY

201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5406

The Honorable John A. Boehner
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

AUG 12 2014

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 14-11, concerning the Department of the Air Force's proposed Letter(s) of Offer and Acceptance to the Kingdom of Saudi Arabia for defense articles and services estimated to cost \$2.0 billion. After this letter is delivered to your office, we plan to issue a press statement to notify the public of this proposed sale.

Sincerely,

A handwritten signature in black ink, appearing to read "J.W. Rixey".

J.W. Rixey
Vice Admiral, USN
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology
4. Regional Balance (Classified Document Provided Under Separate Cover)



Transmittal No. 14-11

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended

- (i) Prospective Purchaser: Kingdom of Saudi Arabia
- (ii) Total Estimated Value:

Major Defense Equipment*	\$ 1.200 billion
Other	\$ <u>.800 billion</u>
TOTAL	\$ 2.000 billion
- (iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase: 5 Airborne Warning and Control System (AWACS) Block 40/45 Mission Computing Upgrade systems, 20 Next Generation Identification Friend or Foe (NG IFF) AN/UPX-40, communication equipment, provisioning, spare and repair parts, support equipment, Mission Planning System, repair and return, publications and technical documentation, personnel training and training equipment, U.S. Government and contractor logistics and technical support services, and other related elements of logistics and program support.
- (iv) Military Department: USAF (QAT, Amendment #3)
- (v) Prior Related Cases, if any:
 - FMS case QAT-\$117M-4Mar10
 - FMS case QAF-\$400M-17Jul08
 - FMS case QAB-\$134M-6Feb06
 - FMS case NFQ-\$98M-15Jan98
- (vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None.
- (vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Attached Annex
- (viii) Date Report Delivered to Congress: 12 Aug 2014

* As defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Saudi Arabia – AWACS Modernization Program

The Kingdom of Saudi Arabia (KSA) has requested a sale of 5 Airborne Warning and Control System (AWACS) Block 40/45 Mission Computing Upgrade systems, 20 Next Generation Identification Friend or Foe (NG IFF) AN/UPX-40, communication equipment, provisioning, spare and repair parts, support equipment, Mission Planning System, repair and return, publications and technical documentation, personnel training and training equipment, U.S. Government and contractor logistics and technical support services, and other related elements of logistics and program support. The Block 40/45 major defense equipment includes new mission computing hardware and software with open architecture – including computers, servers, and mission interactive displays. The NG IFF major defense equipment includes receivers, interrogators and processor hardware for earlier detection of friendly contacts. The total estimated cost is \$2.0 billion.

The proposed sale will contribute to the foreign policy and the national security objectives of the United States by helping to improve the security of a friendly country that has been and continues to be an important force for political stability in the Middle East.

These upgrades are a continuation of efforts to maintain interoperability with U.S. and coalition forces. The Royal Saudi Air Force's (RSAF) AWACS fleet provides early warning of potential airborne threats to Saudi Arabia and manages friendly airborne assets. The sale of this equipment and support will enhance the RSAF's ability to effectively field, support, and employ this aircraft for the foreseeable future. The KSA has the ability to absorb and use the defense articles and services associated with the AWACS modernization effort.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

Implementation of this proposed sale will not require the assignment of additional U.S. Government or contractor representatives to the KSA.

The principal contractor will be The Boeing Company in Kent, Washington. There are no known offset agreements in connection with this potential sale.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 14-11

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act

Annex
Item No. vii

(vii) Sensitivity of Technology:

1. Identification and security classification of classified equipment, major components, subsystems, software, technical data (performance, maintenance, operational, R&M, etc.), documentation, training devices and services to be conveyed with the proposed sale:

a. AWACS Block 40/45: The new mission computing system with Commercial Off-the Shelf (COTS) equipment significantly enhances the surveillance, identification, situational awareness and battle management capabilities of the AWACS. It will also provide on/off board, multi-source integration that produces “one-target/one-track” automatic track initiation and combat ID, improved data link infrastructure and reduced operator workload. The COTS equipment is Unclassified. The system software will be classified Secret.

b. Next Generation Identification Friend or Foe (IFF): The AN/UPX-40 system will include a new IFF Mode 5/Mode S interrogator to improve tracking and identification of cooperative military and civil targets, reduce fratricide, and a Mode 5/Mode S transponder (AN/APX-119, Mark XIIA Digital Transponder) to respond to interrogations from military and civil platforms. Hardware will be Mode 5 capable. The hardware and software will be Unclassified. The KIV-77 encryption device is Unclassified until keyed.

2. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures that might reduce weapon system effectiveness or be used in the development of a system with similar advanced capabilities.

3. A determination has been made that the recipient country can provide the same degree of protection for the sensitive technology being released as the U.S. Government. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.

4. All defense articles and services listed in this transmittal have been authorized for release and export to the Kingdom of Saudi Arabia.

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